

Message Text

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PAGE 01 BONN 09121 271700Z

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02 SIL-01

AGRE-00 OMB-01 EURE-00 /085 W

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P R 271646Z MAY 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 8642

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION USBERLIN

USMISSION NATO

USNMR SHAPE

AMCONSUL FRANKFURT

AMCONSUL MUNICH

AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL HAMBURG

AMCONSUL STUTTGART

CINC USAFE RAMSTEIN

CINC USAREUR HEIDELBERG

CINC EUR VAIHINGEN

C O N F I D E N T I A L BONN 09121

DEPARTMENT PASS TREASURY, FRB AND CEA

E.O. 11652: GDS

TAGS: ECON, EFIN, GW

SUBJECT: SHARP UPWARD REVISION IN MARCH INDUSTRIAL

PRODUCTION: IMPLICATIONS FOR OECD EDRC

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PAGE 02 BONN 09121 271700Z

REVIEW JUNE 2

REF: BONN 9091

1. WE HAVE JUST BEEN TOLD ON A HIGHLY CONFIDENTIAL
BASIS BY AN ECONOMICS MINISTRY CONTACT THAT THE MARCH
INDUSTRIAL PRODUCTION SEASONALLY ADJUSTED INDEX

HAS BEEN SHARPLY REVISED UPWARD TO 116 FROM THE PREVIOUSLY INDICATED 113. NONE OF THE PREVIOUS MONTHS ARE INVOLVED IN THIS REVISION. (THE SLOPPY PROCESSING OF THE STATE OR LAENDER STATISTICAL OFFICES IS BLAMED FOR THE NEED OF SUCH A GREAT CORRECTION.) AS A RESULT, THE FIRST QUARTER SEASONALLY ADJUSTED ANNUAL RATE OF INCREASE IN INDUSTRIAL PRODUCTION IS NOW

7.1 PERCENT AS COMPARED TO THE 3.5 PERCENT WHICH THE CURRENTLY PUBLISHED DATA INDICATES.

2. OUR CONTACT IN THE MINISTRY STRONGLY REQUESTED THAT WE NOT PASS THIS INFORMATION ON BECAUSE IT WAS THEIR PLAN TO SPRING THIS ON THE SECRETARIAT AT THE VERY LAST MOMENT AS PART OF THEIR TACTICS IN DEALING WITH THE OECD EDRC REVIEW SCHEDULED FOR JUNE 2. THE US MISSION OECD IS THEREFORE REQUESTED TO HOLD THESE DATA TIGHTLY AND NOT PASS THEM TO EITHER THE SECRETARIAT OR OTHER MISSION DELEGATIONS.

3. AS EXPECTED, THE FRG CONSIDERS THE OECD SECRETARIAT FORECAST TOO PESSIMISTIC. THE SPECIFIC AREAS MENTIONED TO US WHERE THEY FEEL THE SECRETARIAT HAS UNDERSHOT THE MARK LIE IN RESIDENTIAL CONSTRUCTION AND STOCK BUILDING. SUPPORTING THIS CONTENTION IS THE REVISED MARCH CONSTRUCTION INDUSTRY PRODUCTION INDEX NUMBER OF 103 COMPARED TO THE PREVIOUSLY CONFIDENTIAL

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PAGE 03 BONN 09121 271700Z

INDICATED 97. FURTHERMORE, STOCKS ARE CONSIDERED BY THE MINISTRY PRESENTLY TO BE AT RATHER A LOW LEVEL AND THAT SOME CONTRIBUTION TO GROWTH FROM A POSITIVE SWING IN INVENTORY CHANGES SHOULD BE ANTICIPATED RATHER THAN THE SECRETARIAT FORECASTED ZERO SWING.

4. ALSO CONFIRMED BY OUR MINISTRY FRIEND WAS THE FACT THAT THE FRG WILL USE THE DATA TRANSMITTED BONN 9091 AS ITS OFFICIAL FORECAST AT THE JUNE 2 MEETING. THIS MEANS THE COUNTRY DELEGATION WILL FORMALLY AND CLEARLY INDICATE 4.5 PERCENT AS ITS FORECAST, WITH 5 PERCENT BEING COMPLETELY DISCARDED AS THE OFFICIAL FORECAST. SINCE THE SECRETARIAT IS CURRENTLY AT 4.0 PERCENT, THE SEPARATING GAP APPARENTLY WILL NOT BE SUFFICIENT TO STIR ANY GREAT CONTROVERSY.
STOESSEL

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Disposition Approved on Date:
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Disposition Reason:
Disposition Remarks:
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